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SUBJECT: BENIN: PRESIDENT YAYI DELIVERS STATE OF THE NATION ADDRESS

REF: A) COTONOU 1165; B) COTONOU 1247; C) COTONOU 1227

11. SUMMARY: On December 29, Benin's President Boni Yayi delivered his first annual State of the Nation address at the National Assembly in Porto Novo to National Assembly deputies, members of his government, and the diplomatic corps. Appearing somewhat rundown and tired, Yayi stressed the importance of improving the quality of education and access to it, stimulating economic growth, and changing existing attitudes and behaviors (including both tardiness and corruption) to facilitate socioeconomic development. END SUMMARY.

12. Yayi began by enumerating the difficulties he faced when he took office in April 2006, including the all-but-empty treasury inherited from the preceding government. Yayi ran through the list of economic ills facing the country (including lackluster GDP growth of 3.5%; fiscal indiscipline by the former government; problems in the cotton, power, and telecommunications sectors; shortages and the high cost of petroleum products; habitual tardiness and absences in the workplace; and a lack of competitiveness at the Port of Cotonou).

13. Yayi reiterated his goal of achieving at least 7 percent growth to achieve poverty reduction in Benin. Citing sanitizing public finances, increasing the supply of petroleum products, and improving operations at the Port of Cotonou as steps his government has taken to stimulate growth, Yayi laid out plans for the future. These focus on improving transportation infrastructure, including opening a dry port and airport in Parakou (Benin's main inland city), constructing a second seaport, and building out the road network, as well as extending the railroad to the border with Niger. Yayi singled out agribusiness and housing construction as priority sectors. He emphasized that good governance and the fight against corruption were central axes in the effort to promote economic development and appealed to Beninese to change prevailing behaviors and attitudes.

14. Yayi also stressed the importance of education, stating that development in Benin is impossible unless the country nurtures its human capital. Pointing to the government's recent decision to eliminate all fees for primary education (Ref A), Yayi declared he would hold a national forum on education in the near future. In addition, he stated his government would work to improve primary health care and, in particular, reduce the incidence of infant and child mortality from malaria.

15. Yayi also mentioned the upcoming legislative elections in March 2007, appealed to the media to exercise a greater degree of professional responsibility (Ref C), and affirmed his desire to restore and instill respect for the rule of law. Referring to the constitution, Yayi said it had served the country well for 16 years but is not a perfect document and could benefit from some revision. He did not elaborate.

16. Yayi said his "diplomatic offensive," which has taken him all

over the world in 2006 (including to the White House on December 14), aimed to reposition Benin as an attractive country for investors and mentioned his oft-repeated vision of turning Benin into the "Hong Kong of Africa."

¶7. COMMENT: Yayi's speech, while not proposing any major new policies or initiatives, was a comprehensive presentation of what ails Benin. He was also able to point to a reasonable record of accomplishment in his first eight months, particularly in improved budget transparency. Much still needs to be done, however, as inefficiencies in both the public and private sectors continue to hobble all sorts of business activity. With a disappointing cotton harvest looming, it is not yet certain that Yayi's reforms will translate into concrete economic growth. END COMMENT.

HOLTZAPPLE